



***Program Compliance Office  
Cal Grant Program Review Report***

***2003-04 Award Year***

**Cypress College  
Program Review ID#80500119300**

**9200 Valley View Street  
Cypress, CA 90630-5897**

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**Program Review Dates:** 4/11/2005 - 4/15/2005

**Auditor:** Inez Villanueva  
(916) 526-8034

**Report Approved by:** Charles Wood, Manager  
Program Compliance Office  
(916) 526-8912

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## AUDITOR'S REPORT

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**SUMMARY** We reviewed Cypress College's administration of California Student Aid Commission (Commission) programs for the 2003-2004 award year.

The institution's records disclosed the following deficiencies:

- Non-Compliance with the Web Grants Information Security Confidentiality Agreement
- School Disbursed More Than Eligible Amount
- Missing Cal Grant Institutional Agreement

**BACKGROUND** Through institution compliance reviews, the administration of Commission programs is evaluated to ensure program integrity with applicable laws, policies, contracts and institutional agreements as they pertain to the following grant programs administered by the Commission:

Cal Grants

B and C

The following information, obtained from the institution and Commission database, is provided as background on the institution:

A. Institution

- Type of Organization: Public Community College
- Chancellor: Dr. Marjorie Lewis
- Accrediting Body: Western Association of Schools and Colleges

B. Institutional Persons Contacted

- Keith Cobb: Interim Financial Aid Director
- Rebeca Sandoval: Cal Grant Coordinator

C. Financial Aid

- Prior Commission Program Review: April 1999
- Branches: None
- Federal Financial Aid: Pell, SEOG, Work-Study, and Family Education Loans
- Financial Aid Consultant: None

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## AUDITOR'S REPORT (continued)

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### **OBJECTIVES, SCOPE AND METHODOLOGY**

The purpose of our review is to provide the Commission with assurance that the institution adequately administered the Commission programs and their compliance with applicable laws, policies, contracts and institutional agreements as they pertain to the grant programs administered by the Commission.

The review focused on, but was not limited to, the following areas:

- A. General Eligibility
- B. Applicant Eligibility
- C. Fund Disbursement and Refunds
- D. Roster and Reports
- E. File Maintenance and Records Retention
- F. Fiscal Responsibility for Program Funds

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that grant funds received by the institution are secure.
- Administration systems have adequate controls to ensure that grant payments are accurate, legal and proper.
- Accounting requirements are being followed.

The procedures performed in conducting this review included:

- Evaluating the current administrative procedures through interviews and reviews of student records, forms and procedures.
- Evaluating the current payment procedures through interviews and reviews of student records, forms and procedures.
- Reviewing the records and grant payment transactions from a sample of 40 students that was reduced to 20 students who received a total of 17 Cal Grant B awards and 3 Cal Grant C awards within the review period. The program review sample was randomly selected from the total population of 681 recipients.

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Commission grant funds were administered according to the applicable laws, policies, contracts and institutional agreements. Accordingly, transactions were examined on a test basis to determine whether grant funds were expended in an eligible manner. The auditor considered the institution's management controls only to the extent necessary to plan the review.

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## AUDITOR'S REPORT (continued)

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**OBJECTIVES,  
SCOPE AND  
METHODOLOGY  
(continued)**

This report is written using the exception-reporting format, which excludes the positive aspects of the institution's administration of the California grant programs.

The names and social security numbers of the sample of students reviewed have been excluded from the body of this report and have been replaced by identifying numbers. Attachment A is a listing of the students by name, social security number and grant type.

**CONCLUSION**

In conclusion, except for the deficiencies cited in the Findings and Required Actions section of this report, the institution administrated the Commission grant programs in accordance with the applicable laws, policies, contracts and institutional agreements as they pertain to the Commissions grant programs.

**VIEWS OF  
RESPONSIBLE  
OFFICIALS**

The review was discussed with agency representatives in an exit conference held on April 15, 2005.

April 15, 2005

Charles Wood, Manager  
Program Compliance Office

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## FINDINGS AND REQUIRED ACTIONS

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A. GENERAL  
ELIGIBILITY:

**FINDING: Non-Compliance with the Web Grants Information Security Confidentiality Agreement**

A review of Institution and Commission records disclosed that the school did not comply with the Web Grants Information Security and Confidentiality Agreement (Agreement).

**DISCUSSION:**

When an institution completes the Agreement, the school designates an Authorized Official (AO). The AO signs the Agreement to certify that he or she is an official of the institution. Moreover, the AO assigns a person to be the school's Information Security Officer.

Cypress College's Agreement received by the Commission in May 2002 indicated that Marlene Miranda as the Institution's Authorized Official. Ms. Miranda was the former Financial Aid Director. A discussion with the Financial Aid Office revealed that the institution had not yet provided an updated Agreement.

**REFERENCES:**

Commission Special Alert, GSA 2000-01, 1/19/00  
Information Security and Confidentiality Agreement

**REQUIRED ACTION:**

During the on-site visit a copy of new Agreement was provided to the auditor. No liability resulted from the above issue. However, the school is required to submit written administrative procedures and controls that will be implemented to fulfill the requirements of the Agreement.

**AUDITOR REPLY:**

The institution administrative procedures and controls will be reviewed during the next review, no further action is required.

C. FUND  
DISBURSEMENT  
AND REFUNDS:

**FINDING: School Disbursed More Than Eligible Amount**

A review of 20 student records disclosed 4 students whose disbursement exceeded the eligible amount.

**DISCUSSION:**

Institutions are required to verify student eligibility at the time funds are processed to the recipient or the recipient's account. The institution must verify

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## FINDINGS AND REQUIRED ACTIONS (continued)

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the enrollment status for each recipient listed on the grant roster in accordance with the established institutional policies.

The institution's enrollment status policy is as follows:

Full-time:	12 units or more
Three-quarter-time:	9-11.5 units
Half-time:	6-8.5 units

The institution reported a spring \$288 full-time payment for student No. 9. However, the student was only enrolled in 10 units or 3/4-time; therefore, the recipient should have been paid \$216 and was overpaid **\$72** (\$288 - \$216) in Cal Grant C funds.

For student No. 13, the school reported a spring \$775 full-time payment. The student was only enrolled in 9 units or three-quarter-time, therefore, should have received \$581. The student was overpaid **\$194** (\$775 - \$581) in Cal Grant B funds.

The institution reported a spring \$775 full-time payment for student No. 16. However, the student was only enrolled in 9 units or 3/4-time; therefore, the recipient should have been paid \$581 and was overpaid **\$194** (\$775 - \$581) in Cal Grant B funds.

For student No. 18, the school reported a spring \$288 full-time payment. The student was only enrolled in 11 units or three-quarter-time, therefore, should have received \$216. The student was overpaid **\$72** (\$288 - \$216) in Cal Grant C funds.

### REFERENCES:

Institutional Agreement, Article III.A.  
Institutional Agreement, Article I.V.4.  
Cal Grant Manual, Chapter 5, pages 5-14 through 5-15 and 5-20

### REQUIRED ACTION:

The institution must return the ineligible amount of **\$532** for student's Nos. 9 (\$72), 13 (\$194), 16 (\$194), and 18 (\$72) as directed in the payment instructions contained in this report.

Cypress College was cited in their April 1999 Cal Grant program review for this finding; therefore, **this issue is deemed as a repeat finding**. As a result, a portfolio review of all Cal Grant recipients for the 2003-04 and 2004-05 award years **must** be performed by the school.

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## FINDINGS AND REQUIRED ACTIONS (continued)

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The following information must be provided in a spreadsheet format as illustrated in Attachment B in response to this issue. Do not include the students listed in Attachment A, in order to avoid duplicate return of funds. Each award year must have a separate spreadsheet.

The amount listed in the 'Ineligible Fall Funds' and Ineligible Spring Funds' columns must be returned to the Commission using the repayment instructions provided at the end of this report. Please include an attestation dated and signed by the responsible party indicating the validity and accuracy of the portfolio data.

In addition, the institution is required to provide detailed policies and procedures will also be requested to include the automated disbursement process that checks the student's enrollment status at the time of Cal Grant payment determination.

The amount listed in the "Undisbursed Funds to Return to CSAC" columns must be returned to the Commission using the repayment instructions provided at the end of this report. Please include an attestation dated and signed by the responsible party indicating the validity and accuracy of the portfolio data.

In addition, the institution is required to provide detailed policies and procedures will also be requested to include the automated disbursement process that checks the student's enrollment status at the time of Cal Grant payment determination.

### AUDITOR REPLY:

The institution supplied the portfolio review of all Cal Grant recipients for the 2003-04 and 2004-05 award years and returned \$2,278 of ineligible funds on warrant # 88223476 dated March 27, 2006. The institution policies and procedures will be reviewed during the next review, no further action is required.

### E. RECORD RETENTION:

#### **FINDING: Missing Cal Grant Institutional Agreement**

The institution was unable to provide a copy of the Cal Grant Participation Institutional Agreement.

#### **DISCUSSION:**

A June 10, 2003 Cal Grant renewal participation letter instructed the institution to ensure that a copy of the Institutional Agreement be filed in the Financial Aid Department and be made available to the Fiscal Officer.

The institution could not locate latest Cal Grant Institutional Agreement that was signed by the Commission on June 13, 2003. However, during the on-site review a copy of the Institutional Agreement was provided to the school by the Commission.



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**FINDINGS AND REQUIRED ACTIONS (continued)**

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**REFERENCE:**

Institutional Agreement, Article II.I

**REQUIRED ACTION:**

The institution must provide a procedure that ensures that a copy of the Institutional Agreement be kept in the Financial Aid Office and with the Fiscal Officer.

**AUDITOR REPLY:**

The institution procedure will be reviewed during the next review, no further action is required.

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## OBSERVATION & RECOMMENDATION

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- G. OBSERVATION & RECOMMENDATION: The following is an observation and recommendation based upon our review of the institution's policies and procedures and the condition of the institution's records. No response is required by the institution.

**OBSERVATION: 2003-2004 School Catalog Did Not Inform Students of the Cal Grant Programs**

It was observed that the 2003-2004 school catalog did not disclose that Cal Grant B and Cal Grant C programs were available for students.

**RECOMMENDATION:**

In March and April of 2005, the current Financial Aid Director reported changes for the 2005-2006 School Catalog that included the Cal Grant B and C programs. It is recommended that the Financial Aid Director ensure that the reported changes are published in the upcoming catalog.

<i>ID</i>	<i>Student Name</i>	<i>Program &amp; E/C</i>	<i>New/Renewal</i>
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